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G. Michael Crumling
Executive Director-
Federal Regulatory

June 19, 1997

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JUN 19 1997

Federal Communications Commission
Office of Secretary

EX PARTE

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: CC Docket No. 96-128 Deregulation of Payphones

Dear Mr. Caton:

On June 18, 1997 the LEC ANI Coalition represented by Marie Breslin, Bell Atlantic; Michael Kellogg, Kellogg, Huber; Jeff Lamken, Kellogg, Huber; Bill Keenan, Bellcore; Lorel Ferrin, U S WEST; Celia Nogales, Ameritech; Kris Jines, SBC; Dave Clippard, SBC and the undersigned met with John Muleta, Michael Carowitz, Rose Crellin and Greg Lipscomb of the Enforcement Division and Al Barna of the Competitive Pricing Division to discuss the written ex parte filed by Michael Kellogg in this docket on June 16, 1997. The points discussed are detailed in the attached handout.

In accordance with 47 C.F.R. §1.1206(a)(1) of the Commission's rules, the original of this letter and one copy are being filed with your office. Acknowledgment and date of receipt are requested. A duplicate of this letter is included for this purpose.

Sincerely



Attachment

cc: John Muleta
Michael Carowitz
Rose Crellin
Greg Lipscomb
Al Barna

No. of Copies made
List Attached

041

LECANI COALITION PRESENTATION

June 18, 1997

Tracking for Per-Call Compensation

IXC Receives --

- “07 or 27 coding digits within the ANI”
 - Report and Order ¶ 98
 - Recon. Order ¶ ¶ 94, 99
- List of payphone ANIs
 - Report and Order ¶ 113

IXC then --

- Segregates calls with a 07 or 27 ANI code
- Compares the list of segregated calls against the list of payphone ANIs

Tracking for Per-Call Compensation

- Telco, MidCom, Oncor, LECs (for intraLATA toll) all use this process
- No reason AT&T & MCI cannot do the same
- AT&T & MCI provide originating ANI to customer

MCI's Supposed Blocking Rationale

- MCI can block without use of LIDB/OLNS and FLEX ANI
 - ANI List can be used to populate database
 - LIDB/OLNS & FLEX ANI don't give per-call charge
- MCI has not suggested it is developing blocking technology
 - AT&T has said it will not
- There is no incentive for 1-800 subscribers to block unless MCI passes the charge on a per-call basis
 - MCI has not said it will pass the charge in this manner
 - AT&T has said it will not do so
- 800 Subscribers already pay 8 to 20 cents per minute
 - They won't reject a call due to a \$0.35 charge, even if MCI does pass the charge

MCI and AT&T Incentives

- IXCs with few payphone calls seek to move to per-call compensation ahead of schedule
- AT&T's and MCI's payphone call volumes are disproportionate to revenues
 - "1-800-CALLATT"
 - "1-800-COLLECT"
- Flat rate compensation favors MCI and AT&T

New Hard-Coded Digits Not Feasible

- Uncontradicted finding of the Commission

“The [hard-coded] ANI II technology is only capable of offering five codes at the present time and *we do not believe it will be economically feasible* for the LECs to provide additional [screening codes] with that technology.”
--OLS Order at ¶26 (emphasis added)
- Hundred of millions of dollars in LEC expenses
 - one year to develop software, plus six months to deploy
 - smaller LECs hit hardest
- Harm to other IXC's
 - expense of adapting networks to accept new codes
 - possible network paralysis if changes to accept codes are not made

Feasible Solutions Identified by OLS Decision

- Line Screening

- ◆ **FLEX ANI:** Workable -- Delivers more specific ANI codes to IXC's who have properly conditioned trunks
- ◆ **LIDB/OLNS:** Workable -- IXC's can query the LEC LIDB database for more information on the originating line
- ◆ **AT&T Objections Rejected:**
 - minimum delay with LIDB/OLNS
 - FLEX ANI sends codes consistent with Industry Numbering Council standards
 - AT&T seeks custom solution

Cost of Administration Should be Borne by the IXC's

Expenses “associated with administering the compensation rules . . . must be borne by the entity that receives the primary economic benefit of the payphone calls.”

-- Recon. Order ¶111

- IXC's are primary economic beneficiaries

-- Recon. Order ¶88

- Expenses ought not be borne by PSPs

-- no billing/allocation method

-- costs of hundreds of dollars per payphone, or more